

## CAPITAL ASSETS INVENTORY

### GLOSSARY OF TERMS

**Accumulated Depreciation.** The sum of all yearly depreciation expense.

**Acquisition Cost.** Acquisition cost or historical cost is the original cost of the asset and all charges necessary to place the asset into service. This includes the invoice price, sales tax, delivery and installation charges.

**Capital Assets.** Capital Assets for the purpose of this form are defined as equipment and vehicles that have useful lives of 2 years or more and cost more than \$5,000.

**Capital Asset Additions.** Equipment items and vehicles purchased by a library during the year that meet the capitalization criteria defined under Capital Assets and are added to the library's Capital Asset Inventory.

**Capital Asset Retirements.** Retired capital assets are equipment items and vehicles no longer used by the library and are removed from the library's Capital Asset Inventory when disposed of. Sold, scrapped, destroyed and stolen capital assets are examples of retirements.

**Depreciation.** Depreciation is the prorated cost of the asset over the fiscal years of its estimated useful life.

**Estimated Useful Life.** An estimated useful life must be determined for each piece of equipment or vehicle recorded as a capital asset. The estimated useful life is an estimate in years of the usefulness of the capital asset. Examples include office furniture (10-20 years), office equipment (3-10 years), computer equipment (3-7 years), automobiles (3-6 years), light general purpose truck/vans (4-8 years) and heavy general purpose trucks/vans (6-15 years).

**Equipment.** Equipment consists of all movable tangible assets used for operations. Examples include office furniture (desks, chairs, tables, bookcases, etc), office equipment (faxes, copiers, shredders, etc.), computer equipment (hardware) and other miscellaneous equipment.

**Funding Source.** Indicate if the capital asset was purchased with State Aid funds or LSTA funds.

**Net Book Value.** Net book value is the acquisition cost of the asset less accumulated depreciation.

**Straight-Line Depreciation Method.** This is a method of determining the amount of depreciation to record in a specific year for a particular capital asset. To use this method take the acquisition cost of the asset and divide it by the years of estimated useful life. It is recommended that a full year of depreciation be taken at the end of the fiscal year in which the asset was purchased; therefore, no depreciation will be taken in the last year of the asset's useful life. If an asset is retired before it is fully depreciated, no depreciation should be taken in the year of disposition.

**Tag Number.** Libraries should firmly attach a property tag to each piece of movable equipment. Property tags should be numbered consecutively. Property tags help libraries control their assets and help auditors locate assets when conducting an audit.

**Vehicles.** The vehicle category includes all cars, trucks, vans, buses and bookmobiles used for operations.